

1

2

COUNCIL OF THE CITY OF PHILADELPHIA

3

COMMITTEE ON COMMERCE AND ECONOMIC

4

DEVELOPMENT

5

- - -

6

Room 400, City Hall
Philadelphia, Pennsylvania
Thursday, February 25, 2010
1:10 p.m.

7

8

- - -

9

10

PRESENT:

11

COUNCILMAN W. WILSON GOODE, JR., CHAIR

12

COUNCILMAN DARRELL L. CLARKE

13

COUNCILMAN FRANK DiCICCO

14

COUNCILMAN BILL GREEN

15

COUNCILMAN CURTIS JONES, JR.

COUNCILWOMAN BLONDELL REYNOLDS BROWN

16

17

18

19

BILL 100009 - An ordinance amending Section
19-2604 of The Philadelphia Code, relating to
tax rates and credits for the business
privilege tax, by amending the credit for
contributions to community development
corporations to allow a business that
terminated a contribution agreement to remain
eligible for future tax credits...

20

- - -

21

22

23

24

25

1

2

COUNCILMAN GOODE: Good

3

afternoon. This hearing is called to

4

order. This is a public hearing of the

5

Commerce and Economic Development

6

Committee on Bill No. 100009. My name is

7

W. Wilson Goode, Jr., Chair of the

8

Committee.

9

I note that a quorum is

10

present. To my immediate left is

11

Councilwoman Blondell Reynolds Brown, the

12

Vice-Chair of the Committee. To her left

13

is Councilman Darrell Clarke, and to my

14

right is Councilman Frank DiCicco.

15

The title of the Bill No.

16

100009, an ordinance amending Section

17

19-2604 of The Philadelphia Code,

18

relating to tax rates and credits for the

19

business privilege tax, by amending the

20

credit for contributions to community

21

development corporations to allow a

22

business that terminated a contribution

23

agreement to remain eligible for future

24

tax credits under the provision that

25

permits two businesses to apply jointly

1 2/25/10 - COMMERCE - BILL 100009
2 for the tax credit, under certain terms
3 and conditions.

4 Our first witness is Frank
5 Breslin, Deputy Revenue Commissioner.

6 (Witness approached witness
7 table.)

8 COUNCILMAN GOODE: Good
9 afternoon, Mr. Breslin. Please state
10 your name for the record and proceed with
11 your testimony.

12 MR. BRESLIN: My name is Frank
13 Breslin, Deputy Revenue Commissioner.

14 Good afternoon, Chairman Goode
15 and members of the City Council Committee
16 on Commerce and Economic Development.
17 I'm Deputy Revenue Commissioner Frank
18 Breslin. I am here to testify on Bill
19 No. 100009, amending the credit for
20 contributions to community development
21 corporations to allow a business that
22 terminated a contribution agreement to
23 remain eligible for future tax credits
24 under the provision that permits two
25 businesses to apply jointly for the tax

1 2/25/10 - COMMERCE - BILL 100009

2 credit, under certain terms and
3 conditions.

4 As you know, the Department of
5 Revenue administers this program, which
6 provides an annual \$100,000 business
7 privilege tax credit for ten years to
8 firms that donate \$100,000 per year for
9 ten years to a community development
10 corporation. A recent change to the
11 ordinance allows two firms to partner
12 with each CDC jointly making the \$100,000
13 contribution. The Department of Revenue
14 has worked with the Philadelphia
15 Association of Community Development
16 Corporations to complete draft
17 regulations necessary to implement this
18 change. These proposed regulation
19 amendments have been submitted to the Law
20 Department, as required. Once they are
21 approved by Law, the Department of
22 Revenue will submit the amended
23 regulations to the Department of Records.

24 The Administration supports the
25 further amendment sought in Bill No.

1 2/25/10 - COMMERCE - BILL 100009

2 100009, which allows a company that has
3 previously participated on its own to be
4 a part of a partnership. We continue to
5 support the provision that firms may not
6 completely drop out of the program and
7 then return. The amendment allows firms
8 that are able to partner with another
9 taxpayer to continue their participation,
10 and we believe that this is appropriate.

11 Thank you. I am happy to
12 answer any questions.

13 COUNCILMAN GOODE: Thank you
14 for your testimony, Mr. Breslin.

15 Are there questions from
16 members of the Committee?

17 (No response.)

18 COUNCILMAN GOODE: Seeing none,
19 thank you very much.

20 MR. BRESLIN: Thanks.

21 COUNCILMAN GOODE: Our next
22 witness is James White, Philadelphia
23 Association of Community Development
24 Corporations.

25 (Witness approached witness

1 2/25/10 - COMMERCE - BILL 100009

2 table.)

3 COUNCILMAN GOODE: Please state
4 your name for the record and proceed with
5 your testimony.

6 MR. WHITE: Good afternoon.

7 Thank you, Chairman Goode and members of
8 the Committee, for the opportunity to
9 testify today. My name is James White
10 and I'm the Policy Coordinator of the
11 Philadelphia Association of Community
12 Development Corporations.

13 First, I would like to express
14 our gratitude to Councilman Goode and the
15 members of the Committee for their
16 leadership on this program and to
17 articulate PACDC's strong support for
18 this bill. The CDC Tax Credit Program
19 sustains economic opportunities in
20 disadvantaged neighborhoods by continuing
21 business development, job creation and
22 neighborhood improvements, which are
23 critical components of our City's fiscal
24 vitality.

25 As you're aware, PACDC has

1 2/25/10 - COMMERCE - BILL 100009

2 worked with you on the past legislation
3 last May that expands access to the
4 program for businesses and CDCs by
5 allowing a CDC to partner with up to two
6 businesses that would share the annual
7 hundred-thousand-dollar contribution and
8 related tax credit. The legislation
9 before you today will clarify that a
10 business currently participating in the
11 program at a hundred-thousand-dollar
12 level could remain involved in the
13 program at a reduced funding commitment
14 by partnering with a second business to
15 jointly contribute a hundred thousand and
16 share the tax credit on an appropriate
17 basis.

18 This clarification is given
19 more importance given that the program's
20 authorizing legislation currently states
21 that a business that terminates a
22 contribution agreement will not be
23 eligible to apply for future credits
24 under the program. Given the downturn in
25 the economy, several businesses

1 2/25/10 - COMMERCE - BILL 100009

2 participating in the program no longer
3 have a City business privilege tax
4 liability and access of a hundred
5 thousand per year, and thus it may no
6 longer make financial sense for them to
7 continue in the program even though they
8 would like to do so. In fact, some
9 businesses have already opted out of the
10 program.

11 This bill will assist CDCs
12 currently in the program who are at risk
13 of losing their business partner, as well
14 as CDCs and businesses that are
15 interested in renewing the participation
16 in the program when the current ten-year
17 agreements begin to expire.

18 We believe that the bill before
19 you today, combined with proposed
20 amendments to the regulations governing
21 implementation of the program, will
22 advance the impact of an essential
23 program that should be an integral part
24 of our overall economic development
25 strategy. We urge the Committee on

1 2/25/10 - COMMERCE - BILL 100009

2 Commerce and Economic Development to
3 report this bill from Committee today
4 with your full support and to work with
5 us to ensure the program's continued
6 successful implementation.

7 Thank you.

8 COUNCILMAN GOODE: Thank you
9 for your testimony, Mr. White.

10 Let me note for the record
11 we've been joined by Councilman Bill
12 Green and Councilman Curtis Jones as well
13 and that we also have written testimony
14 from Gina Snyder of East Falls
15 Development Corporation, who is not able
16 to make it, but her testimony will be
17 incorporated into the record.

18 Are there questions for this
19 witness?

20 (No response.)

21 COUNCILMAN GOODE: Seeing none,
22 our next witness is from the Delaware
23 River City Corporation.

24 (Witness approached witness
25 table.)

1 2/25/10 - COMMERCE - BILL 100009

2 MR. DONAGHY: Good morning.

3 I'm James Donaghy. Today I am
4 representing the Delaware River City
5 Corporation.

6 Good morning, Chairman Goode
7 and members of City Council. My name is
8 James Donaghy and I'm here as the
9 Vice-Chair of the Delaware River City
10 Corporation and also to pass on the
11 regrets of Mr. Bob Borski, who is our
12 Chairman and was unable to attend today.

13 I'm here to present testimony
14 in support of Bill No. 100009, which
15 would allow former business sponsors to
16 reapply to participate in the Community
17 Development Corporation and Business
18 Privilege Tax Partnership Program.

19 Allow me to begin by giving you
20 some background information on our
21 non-profit. The Delaware River City Corp
22 is a 501(c)(3) which was founded with the
23 help and approval of Councilwoman
24 Krajewski to guide and facilitate the
25 implementation of the North Delaware

1 2/25/10 - COMMERCE - BILL 100009

2 Greenway Plan. The plan, when
3 implemented, will enhance the City's
4 quality of life, support investment in
5 economic growth and new community
6 development, provide recreational
7 opportunities and public open space, and
8 a sustainable riverfront environment.

9 The North Delaware is a
10 valuable and virtually untapped resource
11 for the many neighborhoods of Northeast
12 Philadelphia along the riverfront and for
13 the entire City of Philadelphia. Our
14 city began at the banks of the Delaware,
15 and over the centuries, we have used and
16 abused this resource. Today, we are
17 working to reclaim the riverfront and
18 provide access for our citizens. With
19 over 700 acres of vacant and
20 underutilized land, the riverfront has
21 enormous potential for the greenway and
22 trail development in concert with both
23 present industrial uses and proposed
24 mixed-use, commercial and residential
25 development.

1 2/25/10 - COMMERCE - BILL 100009

2 A properly developed continuous
3 greenway and trail system can provide
4 significant public recreation, open space
5 and economic development assets for the
6 City, for the region and the Commonwealth
7 of Pennsylvania. This revitalization or
8 renaissance of the Delaware riverfront
9 has not happened overnight. The
10 Pennsylvania Environmental Council and
11 elected city and state officials began
12 meeting with community leaders in 1996 to
13 discuss this important initiative.

14 Philadelphia has a great
15 opportunity to transform the Delaware
16 riverfront into a place where industrial,
17 recreation, commercial and residential
18 uses all co-exist. Federal and state
19 funding has been allocated for design and
20 construction of several sections of the
21 greenway and trail. Twenty-three million
22 dollars in federal transportation money
23 will be used for the construction of the
24 greenway and trails from Allegheny Avenue
25 in the south to Grant Avenue in the north

1 2/25/10 - COMMERCE - BILL 100009

2 at the county line and for the new River
3 Road, which will run from Lewis Street in
4 the south to Buckius Street in the north.
5 An additional \$1 million in State
6 Department of Conservation and Natural
7 Resources funding is being used for the
8 construction of a trail in the Pennypack
9 on the Delaware Park and for a new park
10 at Lardner's Point, which is just south
11 of the Tacony-Palmyra Bridge. The trail
12 in the Pennypack on the Delaware Park was
13 completed in November of 2000, and
14 Lardner Park is projected to begin
15 construction this spring.

16 Where we lack financial
17 wherewithal is for administrative
18 purposes. In 2005, the organization was
19 privileged to be named one of the 25
20 organizations recognized by the City for
21 inclusion in the Community Development
22 Corporation and Business Privilege Tax
23 Partnership. However, this partnership
24 was terminated by our sponsor in 2008, as
25 the corporation could no longer meet the

1 2/25/10 - COMMERCE - BILL 100009

2 threshold of the business privilege tax
3 partnership.

4 For the past 14 years, DRCC has
5 been diligently seeking another sponsor,
6 and while many corporations have been
7 interested, we have been unable to
8 finalize an agreement. DRCC recently
9 learned that its original corporate
10 sponsor would like to rejoin the program.

11 If the City ordinance can be
12 amended to allow reentry into the program
13 as outlined in the bill before you today,
14 the Delaware River City Corp would once
15 again partner with its original corporate
16 sponsor, as well as another. The
17 amendment would allow this very worthy
18 community development project to move
19 forward by relieving its financial
20 constraints.

21 The long-held vision for a
22 riverfront greenway is taking shape.
23 With the availability of corporate
24 partnership funds from the Business
25 Privilege Tax Partnership Program,

1 2/25/10 - COMMERCE - BILL 100009

2 Delaware River greenway and trail will
3 not just be a vision, but will become a
4 reality in the near future.

5 I would urge you to support
6 this change in legislation, and I would
7 be happy to answer any questions you may
8 have. Thank you for your time.

9 COUNCILMAN GOODE: Thank you
10 for your testimony, Mr. Donaghy.

11 Are there questions for this
12 witness?

13 (No response.)

14 COUNCILMAN GOODE: Seeing none,
15 is there anyone else to testify on this
16 bill?

17 (No response.)

18 MR. DONAGHY: Thank you.

19 COUNCILMAN GOODE: This
20 concludes our public hearing. We will
21 move to our public meeting.

22 The Chair recognizes
23 Councilwoman Reynolds Brown for a motion
24 on Bill No. 100009.

25 COUNCILWOMAN BROWN: Thank you,

1 2/25/10 - COMMERCE - BILL 100009

2 Mr. Chairman. I move that Bill No.
3 100009 be moved out of Committee with a
4 favorable recommendation and further move
5 that the rules of Council be suspended so
6 as to permit first reading at the next
7 scheduled session of Council.

8 (Duly seconded.)

9 COUNCILMAN GOODE: All in
10 favor?

11 (Aye.)

12 COUNCILMAN GOODE: Those
13 opposed?

14 (No response.)

15 COUNCILMAN GOODE: Bill 100009
16 is reported out of Committee with a
17 favorable recommendation and a suspension
18 of rules to allow first reading at our
19 next Council session.

20 Thank you. This concludes our
21 meeting.

22 (Committee on Commerce and
23 Economic Development concluded at 1:25
24 p.m.)

25 - - -

1

2

CERTIFICATE

3

I HEREBY CERTIFY that the

4

proceedings, evidence and objections are

5

contained fully and accurately in the

6

stenographic notes taken by me upon the

7

foregoing matter on February 25, 2010, and

8

that this is a true and correct transcript of

9

same.

10

11

12

13

14

15

16

MICHELE L. MURPHY

17

RPR-Notary Public

18

19

20

(The foregoing certification of this

21

transcript does not apply to any reproduction

22

of the same by any means, unless under the

23

direct control and/or supervision of the

24

certifying reporter.)

25

